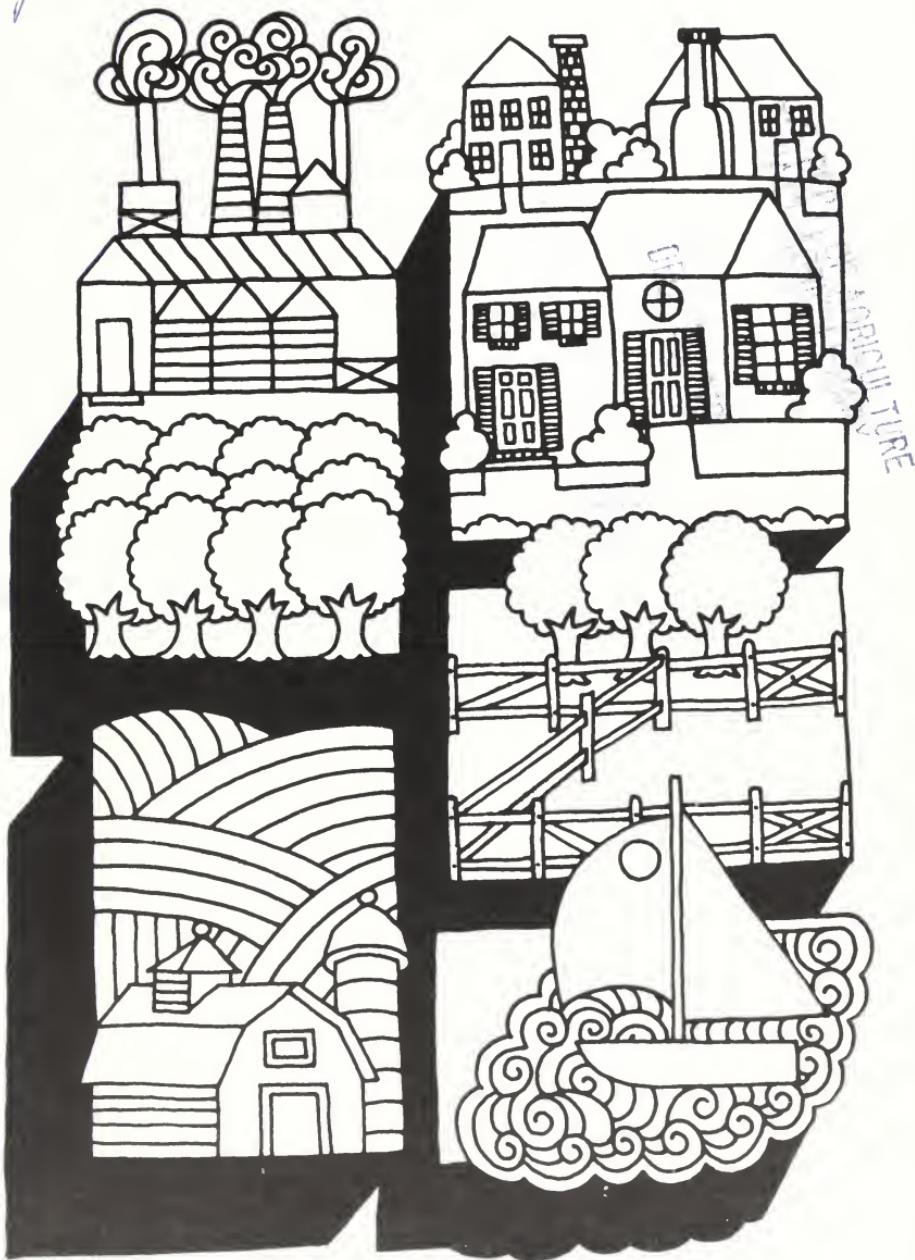


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agricultural situation

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ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE
U.S. DEPARTMENT OF AGRICULTURE



WHO OWNS THE LAND?

WHO OWNS THE LAND?

Draw a line from the western border of Minnesota south to the southern edge of Missouri and then east below Kentucky and Virginia.

Take the combined land area of the 22 States to the north and east of that line, add in North Carolina, and the total is about equivalent to the 493 million acres of U.S. land owned by farmers and ranchers.

Although farmers account for only 8 percent of all landowners, they hold the deed to nearly 40 percent of all privately owned land in the Nation (excluding Alaska).

Looking specifically at farm and ranch land—which represents about 871 million acres of the 1.25 billion acres of all private U.S. land—farmers own about half. Around 431 million of their 493 million acres are in farms and ranches.

Other groups owning farm and ranch land include the retired (in many cases, retired farmers), white and blue collar workers, and big business.

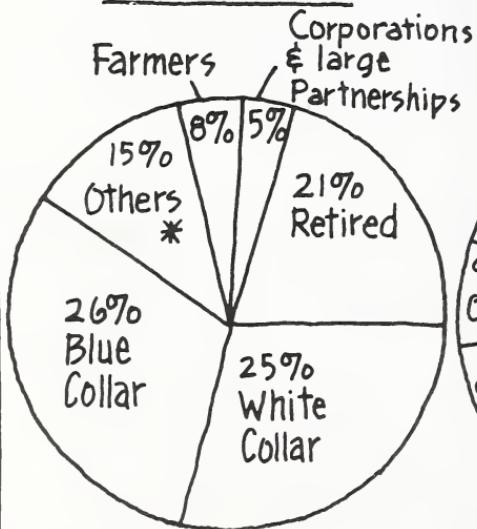
Corporations and large partnerships own about 106 million acres of farm and ranch land, only about 12 percent of the total.

However, for all private land (farm and nonfarm), their share is 16 percent, even though they comprise only 5 percent of all landowners. At 203 million acres, their total holdings are about equal to the combined land area of California, Oregon, and Washington.

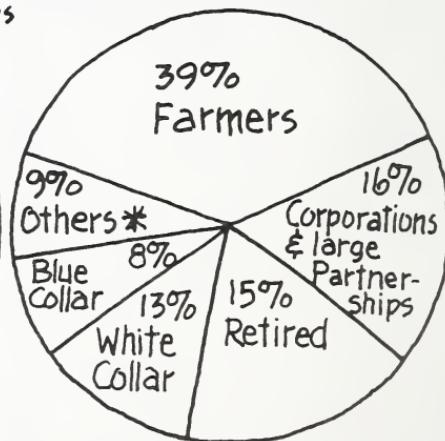
These figures are among the results of a recent USDA survey on the ownership of privately held land. More than 37,000 individuals, partnerships, and corporations were

Groups Owning Private Land

Percent of Owners



Percent of Acreage Owned



* Others include military personnel, homemakers, and the unemployed.

surveyed in 1978 by the Economics, Statistics, and Cooperatives Service in an effort to find out more about some 28.8 million owners of 1.25 billion acres of private U.S. land—urban, rural, timber, ranch, and farm land.

Of course, privately held land excludes national forests and all other public lands which, including Alaska, account for about 4 out of every 10 acres of U.S. land. Of this, there are 762 million acres owned by the Federal Government and 136 million acres owned by State and local governments. In addition, some 51 million acres are held by, or in trust for, American Indians.

One important use of survey information will be to help policymakers design programs which affect land use, such as conservation, farm production, supply management, credit, and technical assistance programs.

When combined with soils and land use data, the information can also help provide a check on how prime agricultural land is being used and whether it's still in the hands of farmers and ranchers.

Although the survey shows, as indicated, that farmers and corporations own a much larger share of the land than their numbers might indicate, the reverse is true for other major groups of owners.

For example, 25 percent of all U.S. landowners are professionals or other white collar workers, but this group of owners holds the deed to only 13 percent of all private U.S. land. Similarly, blue collar workers own just 8 percent of the land, although they account for 26 percent of all owners.

For both groups, the majority probably own residential properties which are typically much smaller than farm or corporate land holdings. However, both groups together do own about a fifth of U.S. farm and ranch land acreage.

Farmers' share of all private land varies from place to place. By region,

they own the largest proportion in the Mountain States which stretch from Montana south to Nevada, Arizona, and New Mexico. They also hold over half of the private land in the Northern Plains, which includes the two Dakotas, Nebraska, and Kansas.

Farmers own the smallest proportion of land in the Northeast (Maryland and Pennsylvania north to Maine). There the white and blue collar groups dominate in overall landownership, but farmers still own about 45 percent of the land in farms.

In its profile of landownership, the survey also provides important information on other characteristics of those who own private land.

Residence: More than 9 out of 10 owners of land (farm and nonfarm) reside in the same county as the land that they own. These landowners hold 80 percent of all privately owned land. Another 5.6 percent of landowners, with 14.5 percent of the land, reside outside the county but within the same State.

Only 5.5 percent of the land is owned by the 2 percent of the owners who live in another State. And, perhaps more important still, only one-tenth of 1 percent of those owning U.S. land—and a mere 400,000 acres of land (or less than one-tenth of 1 percent of U.S. land)—is owned by those residing outside the U.S.

RESIDENCE OF OWNERS¹

| Residence ² | Percent of owners | Percent of land owned |
|-----------------------------|----------------------|--------------------------|
| Same county | 92.3 | 80.0 |
| Other county, same State | 5.6 | 14.5 |
| Other State | 2.0 | 5.5 |
| Outside U.S. | 0.1 | (³) |

¹Excludes corporations and large partnerships.
Excludes Alaska.

²Residence of owner relative to land owned.

³Less than .05 percent.

Concentration: Although an estimated 28.8 million owners have title to some U.S. land, landownership by size of holding is highly concentrated. Overall, 1 percent of the landowners (including individuals, partnerships, and corporations) hold about half of all the private land.

At the same time, about 75 percent of the owners hold only about 3 percent of the land, with title to less than 10 acres each. Of course, the majority of landholders own residential or commercial properties on small lots, and these may still have considerable value.

Among owners of farm, ranch, and forest land—with their extensive uses—land holdings are more evenly distributed. The largest 1 percent of owners have less than 30 percent of the land in farms and ranches, a substantial proportion but sharply less than the share held by the top 1 percent when it comes to all private land. Concentration is also less pronounced in areas where crop farming dominates than in those where ranch or forestry use is prevalent.

Acquiring the Land: In countries with a "landed aristocracy," ownership of the land remains in the hands of the same families, passed on from generation to generation. That isn't the case here.

According to the landownership survey, only 18 percent of the private land was inherited. About 80 percent of the land was purchased, and three-fourths of that from non-relatives.

Acquisition from relatives is most common in the Northern Plains where more than 40 percent of the land was either inherited or bought from relatives. The proportion is only 23 percent of the land in the Pacific States of Washington, Oregon, and California.

Purchase from nonrelatives ranges from a low of 51 percent in the Northern Plains up to 69 percent in the Pacific States.

FARM VALUES STILL CLIMBING

Farmland values have risen far faster than the rate of inflation in recent years, and farmland purchases should remain a good hedge against inflation over the next year.

While inflation may be up around 10 percent in 1979, farmland values are expected to rise even faster—about 14 percent.

This is only slightly below the average annual gain since 1972 when a sharp surge in exports set the stage for new trade levels and, in 1973, sent farm income to a record high. Since 1970, the average value per acre of farmland and buildings has about tripled for the 48 States, excluding Alaska and Hawaii.

Capital gains on farm real estate provide no cash flow to help meet loan payments, as farmers well know. However, higher values do increase the net worth of the owners and provide a rising source of collateral that can be borrowed against to meet production expenses or for farm expansion.

Last year, farm real estate values climbed as much as they're predicted to rise this year: 14 percent for the reporting year ending on February 1, 1979.

Ohio, Nebraska, Arkansas, Colorado, and California all reported gains of more than 20 percent. On the other hand, an acre of farmland in Utah, Arizona, New Mexico, and Nevada brought an average of only 7 percent more.

Historically, strong export sales and sharp increases in farm income have spurred activity in U.S. farmland markets. This year, however, there may not be enough land on the market to generate more sales. If higher farm incomes stimulate buyer interest as in the past, a shortage of listings would add further upward pressure on prices.

FARM REAL ESTATE VALUES
Average Value Per Acre of Land and Buildings

| | March 1970 | March 1975 | Feb. 1977 | Feb. 1978 | Feb. 1979 ¹ | March 1970 -Feb. 1979 ¹ |
|----------------------------|-------------------------|---------------|--------------|--------------------------------------|---------------------------|---------------------------------------|
| | ----- <i>dollars</i> | | | ----- <i>percent increase</i> | | |
| Alabama | 200 | 364 | 432 | 452 | 515 | 171 |
| Arizona | 70 | 111 | 120 | 125 | 134 | 100 |
| Arkansas | 260 | 419 | 521 | 571 | 691 | 145 |
| California | 479 | 653 | 673 | 761 | 936 | 74 |
| Colorado | 95 | 188 | 256 | 274 | 332 | 251 |
| Connecticut ² | 921 | 1,525 | 1,779 | 1,962 | 2,158 | 167 |
| Delaware | 499 | 971 | 1,340 | 1,500 | 1,725 | 271 |
| Florida ³ | 355 | 685 | 777 | 838 | 930 | 150 |
| Georgia | 234 | 474 | 509 | 564 | 609 | 180 |
| Idaho | 177 | 339 | 412 | 445 | 485 | 191 |
| Illinois | 490 | 846 | 1,431 | 1,581 | 1,786 | 312 |
| Indiana | 406 | 720 | 1,159 | 1,303 | 1,498 | 299 |
| Iowa | 392 | 719 | 1,219 | 1,268 | 1,458 | 317 |
| Kansas | 159 | 296 | 376 | 380 | 437 | 190 |
| Kentucky | 253 | 427 | 595 | 671 | 792 | 222 |
| Louisiana | 321 | 512 | 581 | 669 | 763 | 147 |
| Maine ² | 161 | 341 | 400 | 441 | 485 | 167 |
| Maryland | 640 | 1,060 | 1,355 | 1,578 | 1,799 | 204 |
| Massachusetts ² | 565 | 961 | 1,126 | 1,242 | 1,366 | 167 |
| Michigan | 326 | 553 | 767 | 860 | 955 | 182 |
| Minnesota | 226 | 429 | 652 | 730 | 854 | 309 |
| Mississippi | 234 | 379 | 404 | 464 | 520 | 123 |
| Missouri | 224 | 396 | 526 | 602 | 674 | 194 |
| Montana | 60 | 112 | 152 | 168 | 186 | 218 |
| Nebraska | 154 | 282 | 401 | 385 | 470 | 213 |
| Nevada | 53 | 85 | 87 | 97 | 104 | 135 |
| New Hampshire ² | 239 | 564 | 661 | 729 | 802 | 167 |
| New Jersey | 1,092 | 1,807 | 2,004 | 2,057 | 2,222 | 190 |
| New Mexico | 42 | 78 | 89 | 93 | 100 | 111 |
| New York | 273 | 510 | 580 | 589 | 642 | 182 |
| North Carolina | 333 | 590 | 675 | 694 | 819 | 165 |
| North Dakota | 94 | 195 | 258 | 273 | 306 | 244 |
| Ohio | 399 | 706 | 1,121 | 1,263 | 1,516 | 290 |
| Oklahoma | 173 | 302 | 365 | 402 | 442 | 171 |
| Oregon | 150 | 250 | 278 | 303 | 330 | 120 |
| Pennsylvania | 373 | 734 | 978 | 1,092 | 1,245 | 270 |
| Rhode Island ² | 734 | 1,500 | 1,758 | 1,939 | 2,133 | 167 |
| South Carolina | 261 | 467 | 529 | 543 | 635 | 201 |
| South Dakota | 84 | 145 | 194 | 227 | 257 | 239 |
| Tennessee | 268 | 467 | 545 | 608 | 669 | 175 |
| Texas | 148 | 243 | 286 | 316 | 354 | 137 |
| Utah | 92 | 188 | 235 | 248 | 265 | 138 |
| Vermont ² | 224 | 462 | 541 | 597 | 657 | 167 |
| Virginia | 286 | 558 | 676 | 732 | 864 | 219 |
| Washington | 224 | 350 | 491 | 528 | 586 | 140 |
| West Virginia | 136 | 300 | 394 | 403 | 472 | 264 |
| Wisconsin | 232 | 434 | 583 | 690 | 807 | 260 |
| Wyoming | 41 | 80 | 101 | 105 | 119 | 178 |

¹Preliminary. ²Average rate of change for the six New England States was used to project the dollar values for 1976 to 1979. ³Values are based upon an index estimated from the average of the percentage change in Georgia and Alabama index values.

INTO THE 1980's

Behind a continuous flow of surveys and reports, the scene is always changing for USDA's Crop Reporting Board. Better methods, improved techniques, expanded coverage...and, though not very often, a new chairman.

Change came recently as John W. Kirkbride succeeded Bruce M. Graham, who retired in July as chairman of the Crop Reporting Board and assistant deputy administrator for Statistics of the Board's parent agency, the Economics, Statistics, and Cooperatives Service.

In the midst of the transition, both men took the opportunity to reflect on their careers, some of the changes they've been a part of, and what may be ahead for the crop reporting program.

Graham, like the two chairmen before him, served about a decade in that role, retiring from Federal service after over 30 years of work in agricultural statistics for USDA and its State offices. A few days later, as planned, he was on his way to the Philippines to work with that government on improving its agricultural estimating program.

Kirkbride, who will lead the Board into the 1980's, was raised on a farm in Medicine Lodge, Kansas. Beginning in summers and part-time during his college years at Kansas State University—where he earned a degree in agronomy—and at Iowa State, he has been involved in USDA survey and statistics work ever since. There was time out only for World War II in which he saw action as an Army officer in the



John W. Kirkbride pauses a moment from his new duties as acting chairman of USDA's Crop Reporting Board.

Pacific theatre.

In addition to tours in Washington, D.C., Kirkbride has worked in State offices in Kansas, Kentucky, and Ohio. Since 1972, he has been the director of Statistics' Estimates Division, the unit responsible for analyzing and interpreting the survey data which the Crop Reporting Board uses in making its estimates and forecasts.

In his new role, he presides over all meetings of the Board; issues instructions for gathering, compiling, and summarizing data for crop and livestock reports; and approves the statistical techniques and procedures used in preparing the Board's estimates. In these and related duties, he—more than anyone else—must bear the responsibility for the integrity and direction of the crop reporting effort.

Although the chairman's name rarely makes the newspapers, he manages a program that's become one of the most quoted sources on U.S. agriculture. But that wasn't always the case.

Not too long ago, news about crop and livestock reports could generally be found only in specialized business publications.

In fact, according to Graham, one of the biggest challenges he and the Board had to face during his years as chairman was "the explosion of outside interest in the Crop Reporting Board and its reports."

This started during the early 1970's when suddenly low carryover stocks clashed with unexpectedly high domestic and foreign demand—conditions that lit a fire under commodity markets.

Before that time, the problem, if any, was one of constant surplus which kept prices more or less at loan rates. Changes in the supply outlook caused only relatively small changes in prices.

When the new market conditions ushered in the greater volatility in prices, farmers, industry groups, policymakers, and others needed

timely and regular information on current and prospective supplies.

"The increased interest and need-to-know as soon as possible was one of the reasons that the January 1 Planting Intentions report was started in the early 1970's," recalled Kirkbride, who at that time was director of the Estimates Division.

Since then, the demands on the Board for more information have continued to accelerate, not only in terms of covering additional commodities but, particularly, in terms of providing greater detail.

"One of the surest methods is to provide greater opportunities for farmers... to be part of the decisionmaking process..."

At the same time, the increased attention "made the Board even more sensitive to the impact that estimates can have on the market," Kirkbride added. Although the Board considers farmers and ranchers to be its primary audience, the reports, by law, are public information, and markets can be influenced by many groups in the agricultural sector.

For this reason, the Board has been very concerned with helping crop and livestock producers learn to use and benefit from its estimating program. According to Kirkbride, there are ways the Board can help.

"One of the surest methods is to provide greater opportunities for farmers, farm groups, and agricultural interests to be part of the decisionmaking process that determines the kind of data that are

published and the timing of such data. There also needs to be increased emphasis on informing producers on how reliable statistics can benefit them," Kirkbride said.

The Board already works with many groups; for example, the American Seed Trade Association, National Potato Council, United Egg Producers, International Association of Refrigerated Warehouses, American Farm Bureau Federation, and the Society of American Florists. Nevertheless, he noted that such cooperation can be expanded.

The new chairman said that what is needed from producers is an organized structure with recognized spokesmen who have a mandate from large groups of producers to represent them.

"The National Cattlemen's Association is now in the process of forming such a committee, and we look forward to working with them," Kirkbride added.

Over the last three decades, both men agree that the most important improvement in the estimating program that they've contributed to is what Graham calls "the gradual adoption of modern statistical technology."

The two major components of this modern statistical technology are probability sampling and objective measurements of crop yields.

Probability sampling was initiated on a pilot basis in 1954 and has been progressively integrated into the statistics program. That's a more difficult process than it may appear. Probability sampling didn't replace random sampling in measuring cattle and hog inventories until this decade, and work is still going on in converting—commodity by commodity—prices received and paid data to a probability basis.

Probability sampling provides a procedure for selecting survey samples so that the chance, or probability, of each farm or farmer

being in the sample is known.

This means that the sample can be constructed in such a way that it represents a true cross section of U.S. farms or whatever is being measured. It also permits the computation of the sampling error so that the precision of the results can be estimated.

The second major component of the modern statistical methodology, objective measurements of crop yields, also added significantly to the reliability of Board estimates. Now, trained enumerators use actual plant counts and measurements from thousands of small plots in fields scattered across the country.

According to Kirkbride, this procedure allows "an orderly, systematic evaluation of the development of the crop during the growing season."

What does the future hold for crop reporting? Graham cited two Board research efforts with potentially big payoffs: making better use of weather data, and increasing the role of remote sensing by satellite.

Remote sensing information is already being used by the Board to supplement the more traditional enumerative surveys. The chief contribution of satellite technology to the crop reporting program will probably be in helping to identify land uses (acreages to selected crops) over wide areas.

Looking ahead to the not-too-distant future, Kirkbride also speculates that many farmers may come to depend extensively on computers to monitor their operations. This suggests that farmers might then be able to respond to surveys directly from their computer terminals.

In fact, Kirkbride said that "it's not beyond the realm of possibility" that surveys could someday become instantaneous, with Crop Reporting Board computers accessing information directly from on-farm computers—with the farmer's permission, of course.

THE CHINA MARKET

China is a good bet to eventually become a \$1 billion market for U.S. farm products.

In fact, U.S. farmers are scoring big gains in agricultural sales to the world's most populous nation, despite news of increased caution on the part of Chinese leaders over matters of trade and foreign debt.

U.S. farm product sales this year have already passed \$600 million and may reach a record \$700 million by Christmas. Last year, after virtually no sales between 1975 and 1977, U.S. agricultural exports soared to \$614 million, the highest level since 1974.

The sharp increase in sales resulted from improved U.S.-China relations and, more importantly, from the substantial increase in total Chinese farm imports. China's agricultural purchases from all sources last year jumped dramatically, nearly matching the \$2.4 billion record of 1974. And imports will be still higher in 1979.

Despite this rapid expansion in imports, China has remained a cash buyer—except for grain bought from Australia and Canada on 12- to 18-month credit terms. China is eligi-

ble for credit on some farm products under USDA's Commodity Credit Corporation (CCC) Export Credit Sales Program, but no request for CCC assistance has yet been made.

Australia and Canada are not the only rivals for the China market. Other U.S. competitors, or potential competitors, include Argentina—and possibly the European Community—in grains, Central America and Mexico in cotton, and Brazil in soybeans and soybean oil.

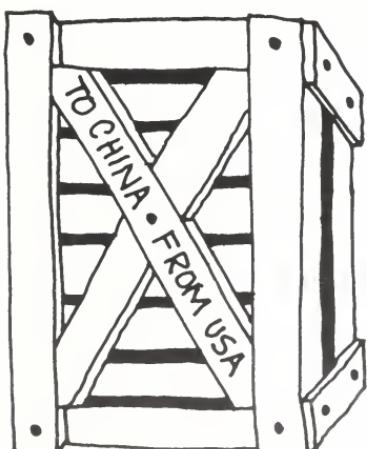
One of the pressures contributing to more reliance on imports comes, of course, from a large and growing population. China must feed between 900 million and 1 billion people, and that number is expanding by an estimated 15 million a year. Higher incomes have also contributed to increased demand for agricultural products.

On the supply side, however, poor agricultural performance has made it impossible to upgrade living standards without relaxing import limits. China is well aware that agriculture is one of the keys to its goal of self-sufficiency.

The expansion in China's farm sector requires some infusion of modern agricultural technology. Additional land available for cultivation is becoming scarce, and yields are not likely to be substantially improved without increased use of inputs. The Chinese have already come up with an extensive list of agribusiness products and equipment they want to import.

China's grain production did take a turn for the better last year, but gains were minimal between 1974 and 1977. Grains provide close to 80 percent of the average caloric intake of the Chinese, in part because meat, fish, and poultry are in chronic short supply.

This makes China one of the world's top wheat importers. Purchases reached a record 8.1 million tons during 1978 and are expected to climb still higher this year.



Corn imports totaled 1.3 million tons last year, and they are also up in 1979. In the past, China has bought corn as a substitute for wheat when grain imports have been large, prices favorable, and world wheat supplies tight. There is also some evidence that corn is being used for feed, possibly to support an expansion in hogs and poultry.

China has import agreements with Argentina, Canada, and Australia which guarantee purchases totaling 6 to 7 million tons of grain, mainly wheat, each year through 1981. However, the Chinese have also indicated plans to buy 5 to 6 million tons of U.S. grain a year.

This suggests that the Chinese may expect to import as much as 11 to 13 million tons annually for the next few years. On the other hand, a shift in trade policies or improved agricultural production could affect their import plans. Crop prospects so far this year are better than they were at this time in 1978, with generally favorable weather for spring crops.

Although the trade outlook for grains generally gets the most attention, grains are not the only major crops where production has been disappointing to Chinese leaders.

Cotton output, which rose last year for the first time since 1973, is still 15 percent below the peak reached 6 years ago. It has been one of China's three largest agricultural import commodities in recent years, together with grains and sugar.

Imports during the 1978/79 marketing year may reach a record 2.3 million bales, one-fourth of which is expected to come from the United States.

The situation is similar for soybeans. Soybean output is still below the record levels of the 1950's. Once the No. 2 exporter of soybeans behind the United States, China became an importer in 1977.

Soybeans, a multiple-use crop in

China, are widely used for food, feed, and industrial purposes. Over the longer run, China seems to be planning to rebuild its exports, at least to traditional markets.

Production of other oilseed crops, although up in 1978, has not grown enough to permit any significant increase in per capita supplies of edible oil, now among the lowest in the world.

Edible oils appear to have considerable potential for future growth in trade because of limited supplies in China and lack of crushing and processing facilities there.

During 1977 and 1978, China imported a record average of 135,000 tons of soybean oil a year—enough to fill the needs of about 50 million people. About 40 percent of these imports came from the United States.

Although China's agricultural imports have increased sharply in the last 2 years and will rise again in 1979, the future trend for imports is by no means certain.

Prime emphasis is to be given to importing nonagricultural capital goods and technology, a critical part of the program to modernize China's economy. At the same time, China has taken a hard new look at its ability to pay for future imports. As a result, planned purchases of some industrial goods have been curtailed.

So far, however, there is no indication of major cutbacks in agricultural imports. As long as China's population continues to grow, demand for food and agricultural products will increase. If incomes start advancing from their still-low levels, there could even be a virtual explosion for higher quality products such as meat and eggs.

Nevertheless, the new and more cautious approach to trade and international debt, together with prospects for rising debt obligations in the 1980's, indicate that there are obvious limits on future increases in agricultural imports.

BILLION DOLLAR CLUB

Amid speculation over whether China will become a billion-dollar market for U.S. farm products, it's worth remembering that there's nothing unique about that benchmark.

Not only are several other nations also in line, but eight are already members of that "club."

Japan, the first to edge past the billion-dollar mark back in 1970, remains the leading single-country market for U.S. agricultural exports. Last year, these exports were valued at \$4.5 billion, up from \$3.9 billion in 1977. (All figures are adjusted for transshipments through Canada and Western Europe.)

As it's been doing for at least a decade, Japan bought more U.S. feed grains last year than any other country—including the Soviet Union which is often in the spotlight. Japan is also our best customer for wheat and soybeans and number 1 or 2 for many other farm products.

Exports to our second largest market, West Germany, totaled \$1.91 billion last year. Oilseeds and meals made up over \$1 billion of the total, and other major items included feed grains, nuts, and tobacco.

The Soviet Union, in third place, took a record \$1.77 billion in 1978. U.S. grain was the major sales commodity.

Canada was right behind with \$1.66 billion in purchases, despite economic and transportation problems. While the U.S. bought 16 percent of Canada's farm exports, Canada got 58 percent of its agricultural imports from the U.S. Canada is our largest market for both fruits and vegetables.

Soybeans, feed grains, and other animal feeds comprised over half of U.S. exports to the Netherlands—our fifth largest market. Total exports were valued at \$1.53 billion in 1978.

The United Kingdom was in sixth place, buying \$1.26 billion in U.S. farm commodities last year. Soybeans, tobacco, feed grains, and animal products were the major items.

Two other nations became billion-dollar markets for the first time last year. South Korea bought \$1.15 billion in U.S. farm products and was the number 1 market for U.S. cotton. Italy became our eighth largest market, reaching \$1.03 billion last year, largely from imports of U.S. oilseeds and meals, grains, tobacco, and hides and skins.

Of course, as each nation's needs fluctuate, the ranking may change in 1979 and nations may join or leave the billion-dollar club. However, the strength of U.S. agricultural exports is not measured by a few importers but rather the scores of nations that buy U.S. farm products.

LATEST STEP IN OUTLOOK

Gathering production statistics was one of the first functions of USDA when it was formed in 1862. By the end of the last century, a steady stream of facts and figures was flowing out of the Department.

But during the severe agricultural depression following World War I, it became apparent that farmers needed more than just numbers to understand and adjust to changing conditions. They also needed those numbers interpreted and analyzed—they needed the statistical relationships unraveled. Hence, the creation of USDA's outlook program in the early 1920's.

The original design of the outlook program—which was to provide economic intelligence to those in the farm community—has remained much the same over the intervening years. But its scope has broadened greatly, reflecting the very different

circumstances of today's farmers compared with their counterparts 50 years ago.

Today's farmers not only depend on far more sophisticated production technologies, they also face far more complex marketing choices. They need to know not only about the domestic forces acting upon markets at home, but they also have to be aware of world production and import requirements since so much of what they produce is sold abroad.

To meet these broader needs of U.S. farmers and other involved in agricultural marketing, USDA recently began publishing a World Crop Production report. The world report is released every month simultaneously with the U.S. Crop Production report.

The report is the first phase in the development of a reporting system which, in future months, will include a world agricultural supply and demand estimate report for key commodities.

The new report will provide a consistent set of estimates for major crops in important regions and countries of the world. Copies may be obtained from Information Services, Foreign Agricultural Service, Room 5918 South, USDA, Washington, D.C. 20250.

BALANCE SHEET

The farm finance picture took a definite turn for the better last year, according to a balance sheet report just published.

A glance at the ledger shows that farm debts and assets increased at comparable rates in 1978. Just a year earlier, debts rose at twice the rate of assets.

Farm income also improved sharply in 1978. Net income after inventory adjustment rose \$8.1 billion from 1977, compared with a mere \$1.1-billion increase in 1977 over the previous year.

Still another financial indicator—the rate of return on equity in farm

production assets—showed healthy signs, reversing a downward trend begun in 1974. The rate of return in 1978 was 3.6 percent, compared with a record low of 2.3 percent the year before.

Farm assets—including both financial assets and physical assets such as real estate, livestock, machinery, and crops—were valued at \$820 billion in 1978.

Assets rose by a record \$107 billion in 1978, increasing more in a single year than during the entire 1960's decade.

At the same time, 1978 debt passed the \$137-billion mark, inflated by a record rise of \$18 billion from 1977. However, the 1978 rate of increase in debt, at 15 percent, was down from the previous year.

Farmers' equity (assets minus debts) reached \$683 billion in 1978. Equity rose by a record \$89 billion, double the gain of the year before.

The farm debt-to-asset ratio for 1978 increased only slightly from 1977's 16.7 percent but was the same as in 1970. That is, for each dollar of farm debt, there were roughly \$6 in farm holdings.

The average farm owner in 1978 had more than a quarter million dollars invested in farm production assets. Four-fifths of that investment lay in farm real estate.

Farmers' financial assets increased by \$2.3 billion in 1978, compared with \$1.6 billion a year ago. The financial asset estimate incorporates bank deposits, currency, U.S. saving bonds, and investments in farm cooperatives. The 6-percent rise in financial assets largely reflected a gain in co-op investment.

Under the liabilities column, farm real estate debt rose \$8.6 billion.

To request the report, which includes balance sheets for each of the 50 States, write to ESCS Publications, Room 0054 South Bldg., USDA, Washington, D.C. 20250. Ask for Balance Sheet of the Farming Sector, 1979, AIB-430.

Briefings

RECENT REPORTS BY USDA OF ECONOMIC, MARKETING, AND RESEARCH DEVELOPMENTS AFFECTING FARMERS

THOSE EXPANDING EXPORTS. . .U.S. agricultural exports continue to climb. The expected record of \$32 billion for the 1978/79 year ending this month may be topped in 1979/80 when export value is projected to range from \$35 billion to \$40 billion. U.S. exports reached \$27.3 billion in 1977/78 after climbing from just over \$8 billion since 1971/72. Although it's too early to forecast 1979/80 exports precisely, continued strength is suggested by many factors, including an anticipated sharp increase in grain purchases by the USSR to cover the shortfall in its grain production this year. Feed grain shipments to all destinations in 1979/80 may rise by about 10 million tons and wheat shipments by nearly 6 million tons.

RAISING THE LIMIT ON WHEAT . .The U.S. has authorized the Soviet Union to buy up to 10 million metric tons of U.S. wheat between August 1979 and September 1980. The authorization, announced in early August, granted permission for up to 2 million tons to be contracted and shipped during August and September 1979, the last 2 months of the third year of the U.S.-USSR grain trade agreement. The Soviets had already purchased the 15 million tons of corn and wheat that had earlier been authorized for the 1978/79 year. The 5-year agreement allows the USSR to buy a total of 8 million tons of U.S. corn and wheat each year without consulting the U.S. Government and requires them to buy at least 3 million tons of each.

BEEFING UP FARM PRICES. . .Meat prices may have hogged the consumer food news most of this year, but cattle and hogs certainly haven't called all the shots on the farm price scene. When the index of prices received by farmers first reached its all-time high of 246 in March, it did so despite lower hog prices that month, although higher prices for cattle and calves did contribute. When the index again hit 246 in May, after falling in April, both cattle and hog prices were down. The index was beefed up largely by higher prices for hay, wheat, citrus, corn, potatoes, and broilers. The record was reached for the third time in July—and again cattle and hog prices were off from the previous month. The index climbed on the strength of higher prices for corn, wheat, lemons, potatoes, and grain sorghum.

PRICE PROSPECTS FOR GRAINS. . . With a sharp boost from the export side, U.S. farm prices for 1979 grains are likely to average well above prices for last year's crop, even with the expected record harvest. USDA's mid-August forecast pegged average farm prices for corn at between \$2.40 and \$2.75 per bushel for the 1979/80 season. That's well above the \$2.20-a-bushel average estimated for the 1978 crop. Sorghum prices were forecast at \$2.30-\$2.60 a bushel (\$2.00 in 1978/79); barley at \$2.20-\$2.40 (\$1.90 in 1978/79); and oats at \$1.25-\$1.45 (\$1.18 in 1978/79). Wheat prices were projected at \$3.50 to \$4.25 a bushel for 1979/80, up sharply from \$2.94 estimated for 1978/79.

PUTTING A "STOP" TO ILLEGAL RESIDUES. . . USDA meat inspectors will be testing a new screening device that can tell, in a matter of hours rather than days, whether animal tissue contains illegal antibiotic residues. The device, called "STOP" for Swab Test on Premises, will first be used on a pilot basis in 19 States to test cull dairy cows at federally inspected slaughterhouses.

NO DRYING REQUIRED. . . Farmers who grow corn and sorghum no longer have to dry the grain to be eligible for Government farm-stored loans. Loans on high-moisture corn and sorghum will be issued at the loan rate in effect for the county where the crop is stored. However, for every 1 percent that the moisture level exceeds USDA's "dry grain factor," loans will be reduced 1.2 percent. The dry grain factor for corn is 15.5 percent; for sorghum it is 14.0 percent. Drying grain with conventional fuels uses large amounts of energy. Since much of the corn and sorghum stored on farms is fed to livestock, drying of these grains is not essential.

COMMENTS SOUGHT. . . The public has been asked to comment on the methods USDA uses in making U.S. crop and livestock estimates. The comments will be considered in an evaluation of the estimating methods and procedures to be conducted by a group of statisticians independent of USDA. This is in line with a recommendation of USDA's Inspector General and the General Accounting Office which reviewed USDA statistical operations in 1977 and 1978. Written comments and suggestions on current data collection and estimating methods or other information relevant to the evaluation may be sent to the Statistical Review Group, P.O. Box 23271, Washington, D.C. 20024. Comments will be accepted through October 12.

MARK THIS DATE. . . Top government and industry advisors will offer a preview of next year, along with up-to-the-minute information on commodities, international trade, and economic developments, at USDA's Food and Agricultural Outlook Conference, November 5-8, in Washington, D.C. The annual conference is open to the public and there's no charge to attend.

Statistical Barometer

| Item | 1977 | 1978 | 1979—latest available data |
|--|------|------|----------------------------|
| Agricultural trade:¹ | | | |
| Agricultural exports (\$bil.) | 24.0 | 27.3 | ² 32.0 August |
| Agricultural imports (\$bil.) | 13.4 | 13.9 | ² 16.3 August |
| Trade surplus (\$bil.) | 10.6 | 13.4 | ² 15.7 August |
| Farm employment and wage rates:³ | | | |
| Total employment (1967 = 100) | 85 | 80 | 76 July |
| Family labor (1967 = 100) | 78 | 73 | 69 July |
| Hired labor (1967 = 100) | 103 | 100 | 87 July |
| Wage rates (1967 = 100) | 225 | 240 | 266 July |
| Farmer's share of retail costs (%): | | | |
| Market basket of farm foods ⁴ | 38 | 39 | 38 July |
| Meat products | 55 | 58 | 54 July |
| Dairy products | 50 | 51 | 53 July |
| Poultry | 56 | 58 | 52 July |
| Eggs | 66 | 67 | 66 July |
| Cereal and bakery products | 13 | 14 | 16 July |
| Fresh fruits | 29 | 31 | 29 July |
| Fresh vegetables | 33 | 32 | 30 July |
| Processed fruits and vegetables | 18 | 19 | 19 July |
| Fats and oils | 36 | 34 | 35 July |
| Agricultural Prices: | | | |
| Prices received by farmers for all products (1967 = 100) | 183 | 210 | 234 August |
| Prices paid by farmers for commodities and services, interest, taxes, and wages (1967 = 100) | 202 | 219 | 251 August |

¹Data based on Oct.-Sept. fiscal years ending with years indicated.

²Forecast for fiscal 1979 (Oct. 1978-Sept. 1979).

³Annual averages for 1977 and 1978; data for 1979 obtained during survey week of July 8-14.

⁴Average annual quantities per household bought by all urban consumers, based on Bureau of Labor Statistics figures.

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